



CURRENCY

Committee on Financial Services

Michael G. Oxley, Chairman

For Immediate Release:

Contact: Peggy Peterson at 226-0471

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**Statement
Chairman Michael G. Oxley
Committee on Financial Services
News Conference
"Analyzing the Analysts"**

Thank you for coming and for your interest in the activities of the Capital Markets subcommittee.

I appreciate the interest of the news media as we specifically examine and move forward on this issue, but also because your reporting helps to educate investors. This is the first step of a long-term effort to ensure that the information on which investors rely is more independent than it is today.

I would urge Wall Street to remember the individual investor, remember the universe of investors as it has changed in recent years. Remember the individual long-term investors looking to finance college, looking to save for retirement. These folks are interested in value, not hype. They're interested in long-term growth, not the quick kill. And these people are the future of the markets.

This long-term perspective is essential to promote capital formation in this country, and I would submit to Wall Street they need to pay closer attention to providing reliable, unbiased information.

I was intrigued to see the SIA's announcement a couple days ago on its best practices guidelines. While I very much appreciate their efforts to boost interest in this hearing tomorrow, I want them to know our Committee will be taking a close look at these to see what they would actually accomplish.

This effort to explore the world of financial analysis is nothing but pro-investor, nothing but pro-consumer.

It is part of our larger initiative, which includes our look at Regulation FD, to get the best possible information to investors so that they can make educated decisions about risk and investment.

I am distressed by the statistic that as the markets were crashing last year, less than two percent of analyst recommendations were to sell. Investors have lost a great deal of money and value from their portfolios recently. So in this atmosphere, analysts must bear some responsibility to maintain their independence from the marketing side of their employing firms. Analysts are so important to the marketplace the last thing we need is the perception that they're nothing more than hucksters.

Our goal is to improve industry practices, to eliminate the conflicts of interest that exist in compensation and disclosure, and to promote meaningful and understandable disclosure.

Those in the industry who doubt my sincerity in this effort ought to think back to the decimal pricing issue. In 1997, I embarked on a somewhat quixotic effort, some said at the time a fool's errand, to move the markets to decimals. I was told it couldn't be done, there was no reason to do it, the technology did not exist to support it, really every excuse in the book.

Today, we trade in pennies. I would note the New York Times article today stated that decimal trading has provided investors with narrower spreads, just as we thought it would work.

So it was with great satisfaction that I heard the NYSE's advertising campaign then that bragged that it was the first exchange to go decimal. So, I have a great reserve of persistence, which I plan to consult again on this analyst issue.

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